
Commercial Vessel Tax

Personal Property Tax

Commercially operated vessels exempted from watercraft excise tax are subject to the state personal property tax levy. Vessels used exclusively for commercial fishing purposes and U.S. Coast Guard documented vessels used primarily for commercial purposes such as charter and time-share boats, tugs and barges are subject to this tax. The tax rate is limited to no more than \$3.60 per one thousand dollars (\$1,000.00) of market value.

The tax is a personal property tax and is based on the status of the vessel in the state. It is not based on use, like the watercraft excise tax for pleasure craft.

The Department of Revenue bills and collects personal property tax. The tax is based on who owns the vessel as of January 1 of an assessment year. In the year following the assessment year, no later than March 31, the vessel owner is mailed a tax statement. Full payment is due by April 30.

Vessel Value Subject to Tax

Each January, the Department sends a Commercial Watercraft Personal Property Notice of Value to the vessel owner of record. This documents the market value of the vessel. Vessels subject to the personal property tax are listed with and assessed by the Special Programs Division of the Department of Revenue. All vessels are taxable for the entire year unless they are apportionable.

Apportionable vessels may deduct those days the vessel is out of state. They may also deduct those days that the vessel is in state exclusively for repairs.

Vessel Sold During the Year

Even though the vessel may be sold any time throughout the year, the owner of record on January 1 of that year is liable for the personal property tax. Payment of the tax can be made either by waiting for the bill next year or paying in advance. Any contract for the sale of a vessel should reflect the tax liability of the seller in the contract.

Vessel Converted to Pleasure Use

Converting a vessel from commercial use to pleasure use alters the taxability of the vessel. The taxability of the vessel will change from personal property tax (payable to Department of Revenue) to watercraft excise tax (payable to Department of Licensing). Even though the conversion may occur any time during the year, the owner of record on January 1 of that year will be liable for the personal property tax. The owner will also owe use tax on the vessel upon conversion to pleasure use.

Vessel Decal Requirements

Commercial vessels listed with the Department of Revenue receive a one-time orange and black permanent decal. The number on the decal is the commercial vessel tax number identifying the vessel. Commercial vessels that have the look of pleasure craft and are U.S. Coast Guard documented (i.e. charter boats) are also required to display a second annual decal. Commercial vessel decals need to be placed on each side of the vessel so they are visible while in the water. The decals do not need to be placed on the hull.

Vessel Listing Requirements

To list your vessel, complete and return a Commercial Watercraft Personal Property Listing of Ships and Vessels form to the Special Programs Division of the Department of Revenue. The listing form requests basic information about you, your business and your vessel. Should you need assistance completing the form call the Special Programs Division.

Applicable Washington Administrative Code

WAC 458-17-101

Contact

Department of Revenue
Special Programs Division
PO Box 47477
Olympia WA 98504-7477
Phone: (360) 570-3265 (option # 3)
<http://dor.wa.gov>